

**Washington, DC** – Congressman Sam Farr (D-Carmel) hailed the results of a study released by the Institute of Medicine supporting the need to correct an anomaly in Medicare reimbursement payments that is affecting the quality of health care services in many California counties. The Institute of Medicine found that the criteria used to calculate Medicare reimbursements require changes to “increase the accuracy of the payments” made to health care providers.

“The Medicare underpayments in California have resulted in many doctors no longer accepting new Medicare patients and that is not something we can accept,” said Congressman Sam Farr. “This means that seniors have very limited health care choices, and at times have to drive long distances just to see a doctor. Studies like the one from the Institute of Medicine continue to say that there is a problem, and that we need to fix it. Yet time after time, legislation to fix the flaw continues to be blocked.”

The anomaly in Medicare reimbursements involves a formula known as the Geographic Practice Cost Index (GPCI). In 1966, when the formula was initiated, counties were designated as either “rural” or “urban,” with the expectation that those designations would be updated every few years. That never happened, and as a result, doctors in counties that have seen economic growth are being compensated at levels significantly lower than those in nearby counties.

The report concludes that the Medicare program “should use health sector data from the Bureau of Labor Statistics (BLS) to develop its indexes for calculating wage adjustments for

hospitals and private practice health professionals”. The report also reaffirms the solution presented by Congressman Farr, which would update geographic designations using Metropolitan Statistical Area (MSA) data.

The Institute of Medicine report supports Congressman Farr’s ongoing efforts to correct the longstanding flaw in the way many California doctors are reimbursed for Medicare services. Mr. Farr has introduced legislation a number of times to fix the disproportionate reimbursement, including introducing amendments in The Affordable Health Care for America Act and the American Jobs and Closing Tax Loopholes Act. Both of these efforts were blocked in the Senate.

The study was sponsored by the Centers for Medicare and Medicaid, U.S. Department of Health and Human Services. Established in 1970 under the charter of the National Academy of Sciences, the Institute of Medicine provides independent, objective, evidence-based advice to policymakers, health professionals, the private sector, and the public. The National Academy of Sciences, National Academy of Engineering, Institute of Medicine, and National Research Council make up the National Academies. For more information, visit <http://national-academies.org> or <http://iom.edu> .

Media may obtain a copy of the report from the Institute of Medicine Office of News and Public Information, at 202-334-2138 or email [news@nas.edu](mailto:news@nas.edu) .

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